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DALLAS, TEXAS
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BUSINESSMAN CHARGED IN 17-COUNT FEDERAL INDICTMENT

***Defendant George Cardona Operated
First Cambridge Mortgage Corporation Out of Irving, Texas***

United States Attorney Richard B. Roper announced that a federal indictment charging former Irving, Texas, resident, George Eric Cardona, was unsealed Friday. Earlier this month, a grand jury in Dallas returned the 17-count indictment charging Cardona with five counts each of mail fraud and wire fraud and seven counts of money laundering. Cardona, who has resided for the past several years in Hawaii, was arrested there on July 21, 2004 by agents of the Internal Revenue Service - Criminal Investigation (Dallas) on charges outlined in a complaint filed that day in the Northern District of Texas. At present, Cardona remains in federal custody and has been transported to Dallas where he appeared this afternoon before the Honorable Sam A. Lindsay, United States District Judge, for arraignment. Following Cardona's not guilty plea, Judge Lindsay set a November 1, 2004, trial date.

According to the indictment, Cardona incorporated a "shell corporation, called First Cambridge Mortgage Corporation and shortly thereafter moved First Cambridge into space previously occupied by Union Mortgage Company. Cardona also obtained the same telephone number that had been listed for Union Mortgage. Union Mortgage is a legitimate mortgage company in Dallas that is now doing business as Foremost Servicing Corporation.

The indictment alleges that Cardona pretended that First Cambridge was the legal successor to Union Mortgage, and received telephone calls and facsimiles from title companies inquiring about payoff balances on mortgages held by Union Mortgage. Cardona would send loan payoff information to others, cause the release of lien documents to be sent, and cause others to send loan repayment checks to him. Cardona had no legal right to collect funds owed to Union

Mortgage, did not know the balances due on Union Mortgage loans and had no access to the loan files of Union Mortgage. The indictment further alleges that Cardona caused the checks he received to be deposited into a First Cambridge bank account and kept the funds for his own use. According to the indictment, Cardona's fraud resulted in a loss of \$1,012,386.58 to more than 50 victims.

According to the affidavit filed with the criminal complaint, during a civil deposition given by Cardona in July 1999 regarding a civil lawsuit filed by Union against Cardona and First Cambridge, Cardona acknowledged First Cambridge did not have any accounts to collect on and in fact, that there really wasn't a First Cambridge Mortgage Corporation.

An indictment is an accusation by a federal grand jury and a defendant is entitled to the presumption of innocence unless proven guilty. However, if convicted on all counts, George Eric Cardona, faces a maximum statutory sentence of 220 years imprisonment, a \$5.25 million fine and restitution.

U.S. Attorney Roper praised the investigative efforts of the Internal Revenue Service - Criminal Investigation (IRS-CI), Dallas Field Office and the Hawaii County Police Department, Kona District.

Assistant United States Attorney Lynn Hastings is the prosecuting attorney.